

**SOUTH CAROLINA
DEPARTMENT OF CHILDREN'S ADVOCACY
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

July 1, 2021

Amanda F. Whittle, Executive Director
South Carolina Department of Children's Advocacy
Columbia, South Carolina 29201

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Department of Children's Advocacy (the Department) for the fiscal year ended June 30, 2020. The Department's management is responsible for the systems, processes and behaviors related to financial activity.

The Department's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Department for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Department's management. Management of the Department has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Department and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the Department, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor

Agreed - Upon Procedures Related to the South Carolina Department of Children's Advocacy (L08)

Cash Receipts/Revenues

1. Haphazardly select five cash receipts transactions and inspect supporting documentation to determine:
 - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, and account classification.
 - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriations Act.
 - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Department procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals required by Department procedures are present and agree with the invoice.
 - The transaction is an expenditure of the Department.
 - The transaction is properly classified in the general ledger.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy.
3. Haphazardly select ten purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Department policies.
 - The purchase is authorized based on the cardholder's job title/position.
 - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder, or purchase was approved and signed electronically through the Bank of America Works program.
 - The purchase did not exceed the single transaction limit or the individual credit limit, and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

Payroll

4. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll and that the employee's last paycheck and leave payout were properly calculated.
5. Haphazardly select twenty employees hired during the fiscal year to determine if their start dates were added to the payroll correctly and that their first paycheck was properly calculated.
6. Haphazardly select five bonus payments to determine:
 - The employee does not make more than \$100,000 annually.
 - The bonuses received during the year did not exceed \$3,000.
 - The payment amount agreed to supporting documentation and was given in accordance with Department policy.
 - The bonus pay was approved by the appropriate supervisor.
7. Haphazardly select five bonus payments authorized by the fiscal year 2020 Appropriations Act Proviso 112.1 to determine:
 - Employee is a permanent state employee in a full-time equivalent position who has been in continuous state service for at least six months prior to July 1, 2019.
 - Employee does not make more than \$70,000 annually.
 - Bonus pay was allocated to general ledger funds according to the ratio of the employee's base salary.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

8. Haphazardly select five journal entries and two transfers for the fiscal year and:
 - Trace postings to the general ledger and supporting documentation.
 - Determine transaction is properly approved.
 - Inspect supporting documentation to determine the purpose of the transaction.

We found no exceptions as a result of the procedure.

Transfers from the South Carolina Department of Administration

9. Haphazardly select five transfers for the fiscal year and based on inspection of supporting documentation and the South Carolina Enterprise Information System (SCEIS) general ledger, determine that the related account balance activity was properly transferred to the Department.

We found no exceptions as a result of the procedure.

Reporting Packages

10. Inspect fiscal year end reporting packages submitted to the CG. Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, amounts in SCEIS, and Department prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.

Reporting Packages (Continued)

11. In addition to the procedure above, perform the following:

- Operating Leases Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting Operating Lease Expense with Vendor* report and Department prepared records. In addition, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) five haphazardly selected contingent rental payments; (2) the current expense and future minimum payments for five haphazardly selected operating leases; and (3) ten haphazardly selected payments in the remaining rental payment classifications (one time or unusual in nature rental payments, and other detailed rental charges). In addition, determine that the Department submitted copies of all leases to the CG in accordance with the CG's Reporting Package Instructions.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Department prepared records. In addition, haphazardly select five payables from the *Subsequent Events Accounts Payable Worksheet* and determine if the amounts were properly classified, calculated, and reported and excluded from the original accounts payable reporting package submission.

Finding

The Department overstated an FY23 future minimum lease payment by \$1,400 on the operating leases reporting package.

Management Response

The Department agrees with the finding. Due to the constraints of working from home during COVID as well as being short staffed, this item was miscalculated. We have reviewed the finding with the year end reporting staff and will work to hire additional staff to implement a more complete review process ensuring accurate calculations going forward.

Appropriation Act / Department-Specific Provisos

12. Determine compliance with the Department-specific state proviso 41.2 (*Guardian Ad Litem Program*) by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedure.